

NUTRITION SERVICES DIVISION MANAGEMENT BULLETIN

No. 99-717

TO:	Summer Food Service Program Sponsors	ISSUE DATE: June 1999
FROM:	Summer Food Service Program Unit	
ATTENTION:	Authorized Representatives	
SUBJECT:	Treatment of Income in the Summer Food Service Program	
REFERENCE:	APB: SFS 99-16	

This Management Bulletin disseminates guidance received from the United States Department of Agriculture (USDA) regarding the treatment of income accruing to the Summer Food Service Program (SFSP). Federal regulations, 7 CFR 225.9 (d), states in part, that "...Income accruing to a sponsor's program shall be deducted from combined operating and administrative costs." This same instruction/guidance is illustrated in the 1999 SFSP Administrative Guidance for Sponsors, Attachment O.

USDA recognizes that income accruing to a SFSP may be designated as operating or administrative. As a result, new guidelines which provide sponsors with a more equitable manner for deducting income that accrues to the SFSP are detailed in this Management Bulletin. For SFSP purposes, income accruing to the program is defined as all income, received or not, that is specifically designated for the SFSP (e.g., pledged donations or grants specifically designated for the SFSP). Income accruing to the program is divided into two separate categories:

<u>Program Income</u>	Gross income earned by the sponsor in operating the SFSP (e.g., the sale of adult meals).
<u>Income to the program</u>	Cash resources, such as cash donations, that are identified for use in the sponsor's SFSP; and federal, state, or local funds/grants specifically provided for the sponsor's SFSP operation.

If the income that has accrued to the program can be identified as operational or administrative, it should be deducted from the appropriate cost category. However, if the income cannot be specifically identified, it must be deducted from both categories using the relative relationship between the operational and administrative costs. The California Department of Education will use the calculations of the following example to determine the relative relationship between the operating and administrative costs:

Unspecified income	\$ 200	(a)
Actual administrative costs	\$1,000	(b)
Actual operational costs	<u>\$4,000</u>	(c)
Total program costs	\$5,000	(d)

The calculation used to figure the **administrative income portion** is:

$b \div d = \text{percentage of administrative cost; percentage} \times a =$
 “administrative” income portion.

$\$1,000 \div \$5,000 = .20 (20\%); .20 \times \$200 = \$40$ “administrative” income portion.

The calculation used to figure the **operational income portion** is:

$c \div d = \text{percentage of operational cost; percentage} \times a =$
 “operational” income portion.

$\$4,000 \div \$5,000 = .80 (80\%); .80 \times \$200 = \$160$ “operational” income portion.

Under separate cover, you will receive a revised Claim for Reimbursement form, including detailed instructions on the treatment of income.

If you have any questions, please contact Patty Atherton, Program Analyst, Summer Food Service Program Unit, at (916) 327-5456, (800) 333-5675 or patherto@cde.ca.gov

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